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August 25, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: NSTAR Electric Company, D.T.E. 06-40

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Record Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

David S. Rosenzweig

Enclosures

cc: Service List

<u>Responses to Record Requests</u>

RR-DTE-3
RR-DTE-6
RR-AG-6
RR-AG-12
RR-MIT-3
RR-MIT-4
RR-TEC-1

Record Request DTE-3 (Tr. 3, at 369 and 372)

Please: (1) explain the concept of phasing in the rate changes that are slated to take effect for the standby rate classes for the Cambridge Electric Light Company over three years as opposed to putting them in all at once, which is the proposal under the current filing, and (2) would the Company either propose or be amenable to any other type of way of implementing the rate increases in some other method such that mitigates the one-time increase in rates as currently proposed?

Response

As stated during hearings, Cambridge Electric currently has no customers that take service under its standby service rates. However, one customer with on-site generation is subject to the rates set forth in Rate SB-G3, as in effect from time to time, pursuant to a Department-approved special contract. The Company is presently pursuing contract discussions with that customer in order to effect a contract amendment that would ensure revenue neutrality for that customer from the proposed transfer of 13.8 kV facilities from transmission to distribution.

With respect to phasing in the changes in the standby rate that would result from the 13.8 kV transfer, the Company does not see the benefit of phasing in the changes over three years. A rate phase in can be an appropriate measure where there are existing customers who may be adversely affected by a significant change in rates. However, where (as here) there are no customers on the rate and no customers would experience that type of adverse rate impact, the rationale for a rate phase in is not apparent, particularly for cost-based rates such as Cambridge Electric's standby tariffs. In effect, no net harm to customers is experienced by the Company's proposal that might warrant a rate phase in.

If required, the Company would be amenable to delaying the implementation of the effect of the 13.8 kV transfer in its standby rates for six months (i.e., until July 1, 2008). This would ensure that there is additional notice of the future rate change to customers who may be considering on-site generation and would delay the effect of the 13.8 kV transfer in the standby rate for an additional year (beyond when NSTAR Electric filed its proposal with the Department) for any customers that develop an on-site generating facility before June 30, 2007. In general terms, this same approach was used in the settlement agreement entered into and approved by the Department in D.T.E. 03-121, wherein customers with existing on-site generation (including MIT) were grandfathered. This same grandfathering also applied to customers who already had on-site generation in development and came on line prior to December 31, 2004 (about 6 months after the date of the settlement).[1] D.T.E. 03-121, at 17 (2004). The Company believes that this approach would be a reasonable compromise as to the potential impact of the rate change in its standby tariffs.

[1] It bears noting that Cambridge Electric was in negotiations with the customer that ultimately executed a special contract with the Company at the time of the settlement agreement in D.T.E. 03-121. The proposal the Company described above, i.e., to extend the time frame for the implementation of the 13.8 kV transfer into the rates under which that on-site generator takes standby service, would be consistent with delaying the implementation of the 13.8 kV transfer in the Company's standby rate tariffs for all customers.

Record Request DTE-6 (Tr. 4, at 548)

Refer to Exh. DTE-1-38. Please provide the EEI Survey that was done in conjunction with the amortization period used for general plant.

Response

An informal survey was done by NSTAR Electric through the EEI Property Accounting & Valuation Committee. Attachment RR-DTE-6 sets forth a summary of the results that were returned.

Attachment RR-DTE-6

Survey of General Equipment Amortization Rates
Jun-06

Company	Average	Range
Baltimore G&E	20	18-22
Duke Energy	10	
PG Works	27	20-35
National Grid (Co.1)	20	
National Grid (Co.1)	15	
Con Ed	18	15-20
AGL Resources	11	
Central Hudson	27	10-35
So. Cal. Edison	17	10-25
Sierra Pacific Power	19	15-25
W. Mass Electric	25	
Yankee Gas	23	12-30
Connecticut Light & Power	24	15-25
Hawaiian Electric	18	15-20
Avista	25	10-40
NSTAR Gas	15	
OGE Energy	19	10-25
All Florida Companies (A)	7	
Average	18.9	

(A) as prescribed by the Florida Public Service Commission

Record Request AG-6 (Tr. 1, at 46-49)

Refer to Attachment AG-2-6:

(1) Why did the Company use only the Kendall CT unit and not include the other units in the calculation of the 100 percent discount provided to Mirant;

(2) Why was the calculation based only on non-firm service, as opposed to firm service in the LNS; and

(3) Please provide the estimated charges for all the Kendall units for 2005 based on their use as provided under the terms of the LNS tariff, assuming no discount was offered, firm and non-firm service.

Response

1. The calculation provided in Attachment AG-2-6 should have included the Kendall CT, Steam and Jet units. The response provided in subpart (3) below includes these units.

   Additionally, please see attached a revised Attachment AG-2-6(a) (Attachment RR-AG-6(a)), for a correction to the original response. The attachment corrects a spreadsheet error in the calculation of total MWH for the month of February 2005, which resulted in an overestimate of the total charge for the month.

2. Mirant began taking firm transmission service from Cambridge only in conjunction with receiving the accompanying discount; it had previously taken non-firm transmission service. Without the discount, the Company assumed that Mirant would continue to take non-firm service in order to sell its generation into the ISO markets on an hourly basis. Firm service is not available on an hourly basis.

3. Please refer to Attachment RR-AG-6(b) for an estimate, by month, of hourly non-firm transmission charges for 2005 for the Kendall units. Attachment RR-AG-6(b) also provides estimated 2005 monthly charges for daily firm point-to-point transmission service for all the Kendall units. The Company does not view these estimates as an accurate representation of how the units would have run if no discount was negotiated. Without the discount, the units would have been less economic and would have likely been dispatched less often. Further, without a discount, Mirant would likely have continued taking non-firm transmission service.

Attachment RR-AG-6(a)

Revises Attachment AG-2-6

Estimated Charges for Kendall CT for 2005
Assuming No Discount Offered.

	CT MWH		$/kWh 0.0051
January	63,065	$	319,143
February	87,843	$	444,532
March	107,943	$	546,246
April	102,536	$	518,884
May	96,105	$	486,343
June	100,675	$	509,465
July	97,223	$	491,999
August	108,872	$	550,951
Septemb	105,149	$	532,108
October	79,610	$	402,866
Novembe	8,787	$	44,466
Decembe	5,451	$	27,583
		$	4,874,587

1) Assumes CT is taking Non-Firm Point-to-Point service.
2) The rate is based on estimate of 2005 charges.
   Actual 2005 charge not yet available.

Estimated Charges for Kendall Units for 2005
Assumes No Discount Offered.

	Hourly Non-Firm Total $'s	Daily Firm Total $'s
January	$ 366,595	$ 513,398
February	$ 588,755	$ 703,124
March	$ 708,592	$ 824,726
April	$ 693,369	$ 784,804
May	$ 622,155	$ 719,824
June	$ 685,975	$ 750,069
July	$ 659,630	$ 733,600
August	$ 734,981	$ 794,674
September	$ 697,292	$ 758,416
October	$ 522,463	$ 621,861
November	$ 59,862	$ 72,787
December	$ 37,541	$ 128,778
	$ 6,377,210	$ 7,406,062

1) Rates are based on estimate of 2005 charges.
Actual 2005 charge not yet available.

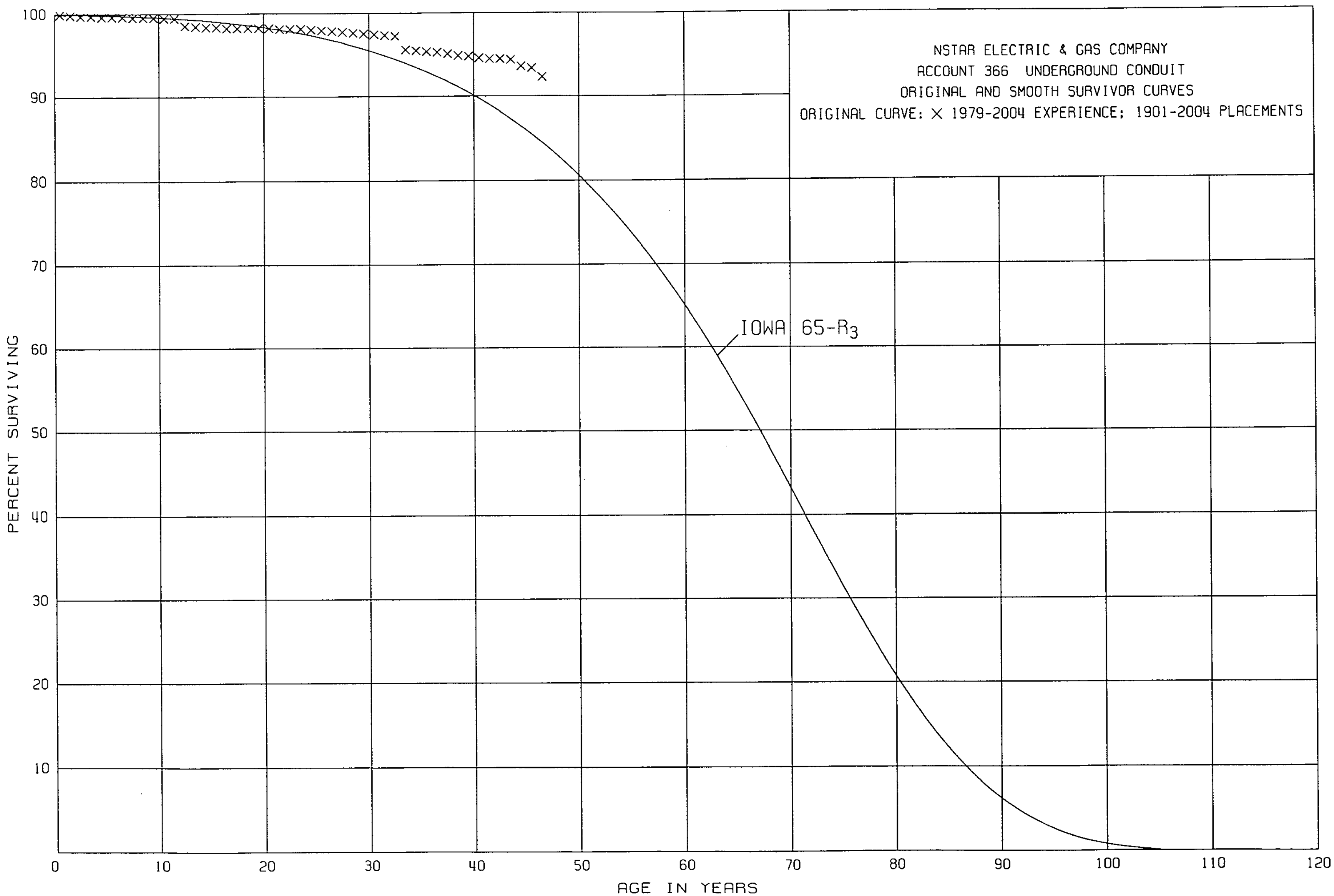
Record Request AG-12 (Tr. 4, at 573-574)

Refer to Exhibit NSTAR-CLV-11, at page 88. Please provide a graph similar to the graph on page 88 of NSTAR-CLV-11, with the original information that is currently on the graph in the x's, with a smoothed survivor curve, Iowa 65 R 3.

Response

Without conceding the appropriateness of using the requested Iowa curve for NSTAR Electric, Attachment RR-AG-12 sets forth a graph of the original survivor curve and smooth survivor curve, 65-R3, for Account 366, Underground Conduit.

Attachment RR-AG-12



Record Request MIT-3 (Tr. 2, at 272)

Refer to AG-5-9. Please provide the original estimate of the cost of the 13.8-kV facilities associated with the East Cambridge Substation.

Response

The original estimate of the cost of the 13.8-kV facilities associated with the East Cambridge Substation was $13.3 million.

Record Request MIT-4 (Tr. 2, at 278)

Refer to Exh. NSTAR-CLV-7, Page 1 of 8, lines 16-28. Please indicate what proportion of the revenue requirements are associated with the East Cambridge Substation.

Response

According to the Company's plant accounting records in the year 2005, the Company booked $24.3 million relating to the 13.8 kV facilities portion of the East Cambridge Substation. This amount is included in the revenue requirement calculated in Exh. NSTAR-CLV-7. Based on the ratio of the 13.8 kV cost of the facility to the 13.8 kV plant shown on line 1 of NSTAR-CLV-7 of $72.8 million, approximately 33 percent of the total 13.8 kV revenue requirement would be related to the East Cambridge Substation.

Record Request TEC-1 (Tr. 1, at 133-34)

In reference to the installation of both 115-kV circuits from Putnam Station to East Cambridge Station, please provide:

(1) The original cost estimate for the installation,

(2) The current estimate of the cost of completion of the project, and

(3) Does the company have insurance to cover the cost overrun, assuming there is one?

Response

(1) The original cost estimate was $11.4 million for the installation of a second transmission line from Putnam Station #831, line to the Mirant terminal structure, re-routing of the initial transmission line from Putnam, and compensating Mirant for the duct line. This estimate was subsequently revised to $13.3 million.

(2) As stated in the response to Information Request AG-5-4 (a), the Company is finalizing the engineering design for completing the second 115 kV transmission line between Putnam and East Cambridge substations. Until the design is finalized, updated cost estimates for the project cannot be performed.

(3) Although not relevant to this proceeding, the Company does not purchase insurance to insure against project overruns on construction projects.